

Report of the Athletic Committee to the Faculty Senate for the year 2007–2008

A. Meeting with President Petersen (January 7, 2008)

After readily accepting the invitation to meet with the Athletic Committee to discuss the administrative structure and operation of the Athletic Department, President Petersen was candid in answering all questions raised by the Committee members. The important points relevant to the UTK's athletic programs are as follows:

- (1) The administrative control of the Athletic Department will continue to reside with the UT System, i.e., with the President's office. This structure was established a long time before his arrival at UTK. It has been working very well — and both Mike Hamilton and Joan Cronan, who were present at the meeting, agreed with the President wholeheartedly — and President Petersen sees no reason to change a structure that has been functioning so smoothly. Besides, he considers the System to be the appropriate place for the Athletic Department because Athletics is perhaps the most visible aspect not only of UTK but also of the UT System, as far as the alumni of UTK and the tax payers of Tennessee are concerned.
- (2) President Petersen sees no conflict between the UT System and UTK with respect to the administration and operation of the Athletics Department. For example, the campus administration is consulted regarding all construction projects proposed by the Athletic Department. In fact, the Athletics Department does not undertake any construction project without the approval of the UT Campus Master Plan Committee.

B. Meeting with Coach Fulmer (March 3, 2008)

Coach Fulmer readily accepted the invitation to meet with the Athletic Committee and talk about two issues the Committee had identified:

- (1) Recent disciplinary problems of some student athletes in the football team, and punitive actions taken by the Athletic Department and Coach Fulmer.
- (2) The relatively low graduation rate of the football players at UTK.

Coach Fulmer spent the entire one-half hours with the Committee and answered every question candidly. Here is a summary of his responses.

- (1) When asked about the general perception shared by many faculty members and students that student athletes in our football program, especially the more productive ones, accused of criminal offenses, are treated very leniently and unequally, Coach Fulmer strongly disagreed with this analysis. He basically reiterated what he had stated in the newspaper column (in response to Mr. Adam's column of February 18, 2008): at no time during his tenure as a football coach has a player's football skill or athletic success been a factor in the way he was disciplined.
- (2) Of the 5 student athletes arrested by Knoxville Police in January–February of 2008, the cases for two of them have been dropped, and the cases for three of them are still pending in courts.

One of the players (Colquitt) has been suspended for five games. Coach Fulmer did not dismiss him from the team out of compassion, although he agonized a lot over this decision.. This was the student's fifth alcohol-related arrest, but he did not have any problem for the last two years. [Suspension from games is a much more severe punishment in the case of football because of the relatively small number of games in a season (ten or eleven) compared to some other team sports such as basketball and baseball.]

- (3) Coach Fulmer asserted that his first and foremost priority has always been the growth of our young men to their fullest potential as well as winning football games. He tries to achieve this through a mixture of “tough love” and encouragement. After all, when he recruits a student athlete, he makes a commitment to the athlete and his family, and he always works to keep it.
- (4) Coach Fulmer was also asked about the relatively low football graduation rate at UTK. The graduation rate is 39% last year for UTK football, which is significantly below that of the other SEC schools (45% for Alabama and MSU to 88% for Vanderbilt), except for Arkansas (36%), Florida (35%) and LSU (30%).

The Thornton Student Advising Center is doing a very good job to help the students achieve academic success, but there are limitations to what the Center can achieve. There are many factors that contribute toward the low graduation rate in football. Coach Fulmer discussed some of them as summarized below:

- (a) A small group (10-20) student athletes in the football program are “marginal” at the time of admission into UTK and need remedial courses that are not offered at UTK. Raising the minimum standard for admission will not help the UTK football program to stay competitive — actually, it will do harm to the football program. After all, the football coach is expected to win football games – actually, championships – to survive at UTK!
- (b) There is a lack of degree programs that would encourage football players (and other student athletes) to graduate and compete for employment as coaches and sports administrators. Degree programs designed with this focus will not only improve the graduation rate of student athletes, but also help them to enter the employment market with desirable skills.
- (c) Another possible approach may be to take a fresh look at the required courses for graduation and examine the possibility of appropriate substitutions. For example, many student athletes would like to major in Sports Management, but cannot handle the requirement of Statistics. Would it be appropriate to substitute Statistics with some other course(s) as an alternative?

In any case, Coach Fulmer recognizes that the current situation is unsatisfactory, and the immediate goal should be to raise the graduation rate to at least to the level of the general student body (52%), and continues to emphasize the importance of graduation to his football squad.

(C) Budget of the Athletic Department

The following information about the Athletic Department’s budget was provided by Bill Myers during his discussions with the Athletic Committee on April 14, 2008.

FY 2007

Athletics finished FY 2007 with a surplus of approximately \$2.7 million dollars. Approximately \$1.2 million of this surplus was transferred out to help fund a capital project, with the remaining \$1.5 million deposited into the reserve fund for athletics. At present time, the reserve fund for athletics has a balance of \$4.5 million.

FY 2008

The operating budget for both departments of athletics for FY 2008 is approximately \$79 million. From this budget, athletics plans to generate a \$500,000 surplus to continue to build the reserve fund. University guidelines ask that auxiliary units maintain 5% of their operating budget in reserve, which for athletics would be almost \$4 million. However, given the dynamic nature of our business, and the potential liability of contractual buyouts, we feel it is prudent for us to establish a reserve of approximately \$5 - \$7 million dollars.

FY 2009

The operating budget for athletics is currently being finalized for presentation to the President on April 30. It is expected to increase approximately \$7 million to \$86 million. The major portion of this increase (\$4.55 million) is due to the new annual debt service the departments will incur from recently completed facilities projects (Neyland Stadium Phase One, Thompson-Boling Arena, Regal Soccer Stadium, and the Allan Jones Intercollegiate Aquatic Center). Additionally, other facility costs such as maintenance, utilities, and custodial services are anticipated to increase by another \$1 million.

The remaining increases (over and above normal inflationary rates) are expected from tuition increases (\$600,000), a 2% state raise (\$250,000), contractual salary adjustments (\$350,000), and support of the University's Streetscapes project (\$375,000). Within the FY 2009 budget, the department has again planned for \$500,000 to be added to the reserve fund.

To fund the expense increases for FY 2009, athletics will capitalize on additional revenues from annual fund gifts, corporate sponsorships, and our multi-media rights contract with IMG (Vol Network). Additionally, football ticket prices were increased by \$19 per season ticket. This increase will generate approximately \$1.9 million in net new revenues after tax.

With the coordination and approval of University administration, athletics also changed ticket policies with respect to student tickets and the discount provided faculty and staff members. Starting with the 2008 football season, student can purchase a season ticket for \$90 or can purchase tickets on an individual game basis from the student allotment for \$15. This ticket policy change will generate \$1 million (net of tax) new revenues for athletics. At present time, the plan for distributing purchased student tickets is still in process.

Specific to faculty and staff tickets, the discount has been reduced from 50% to 20%. This change will generate approximately \$500,000 (net of tax) new revenues for athletics. It should also be noted that IRS guidelines state that any discount offered over 20% represents taxable income for the staff member. In the past, this meant that staff members have been taxed on the extra 30% discount they have been receiving. Under the new policy, staff members will not longer be taxed on the discount. As was stated at the meeting, though, the tax issue is a side benefit. The reason behind the change was to generate additional dollars for budgetary needs.

Some at the meeting asked the reason behind the changes. When compiling the FY 2009 budget, preliminary estimates of revenues vs. expenditures indicated a shortfall of approximately \$3.5 million. Athletics compiled a list of areas in which the department has been assisting the University with benefits or funding and worked with University administration to see what opportunities could help us eliminate this shortfall. From the list, it was agreed that the ticket pricing changes above would be implemented. It should also be noted that, though they come at a cost to students, faculty and staff, these decisions did not negatively impact or reduce athletic appropriations to campus programs.

Kula C. Misra
Chair, Athletics Committee
April 20, 2008